BUSINESS ORGANIZATIONS
LAW 2500

Class Hours: 3.0  Credit Hours: 3.0
Laboratory Hours: 0.0  Date Revised: Spring 01

Catalog Course Description:
Survey of state and federal law affecting the organization and operation of business associations (proprietorships, agencies, partnerships, and corporations); duties and liabilities of partners, agents, directors, and shareholders. Introduction to federal and state employment law. Emphasis on the legal assistant’s role in collecting data and drafting documents to form a Tennessee corporation and maintaining minutes and records.

Entry Level Standards:
College-level competencies in logic, reading, and English are required.

Prerequisites:
LAW 1000, 1005

Corequisite:
LAW 1060

Textbook(s) and Other Reference Materials Basic to the Course:

I. Week/Unit/Topic Basis:

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction to business organizations and agency law – Definition and elements of agency; types of principals; types of agents; agents for a business enterprise; power of attorney; durable power of attorney</td>
</tr>
<tr>
<td>2</td>
<td>Sole Proprietorship – Characteristics of a sole proprietorship; liability of a sole proprietor; termination upon death of the proprietor; taxation of a sole proprietor; formation and operation of a sole proprietorship</td>
</tr>
<tr>
<td>3</td>
<td>General Partnership – Characteristics of a partnership; partnership property; partner’s interest in a partnership; management of a partnership; profits and losses; liability of partners; dissolution and termination of a partnership; tax considerations of a general partnership; formation and operation of a general partnership</td>
</tr>
</tbody>
</table>
Limited Partnership – Characteristics of a limited partnership; general partners of a limited partnership; limited liability and contributions; management and control; admission, substitution, and withdrawal of a limited partner; dissolution of a limited partnership; taxation of a limited partnership; formation and operation of a limited partnership.

Registered Limited Liability Partnership; Limited Liability Companies – Characteristics of registered limited liability partnerships and limited liability companies; statutory powers; ownership and management; advantages and disadvantages; formation; dissolution; taxation; and transferability of ownership.

Other Unincorporated Organizations – Joint ventures; mining partnerships; joint stock companies; business trusts; real estate investment trusts.

Corporations – Characteristics of a corporation powers; types of corporations; advantages and disadvantages of incorporation; pre-incorporation responsibility; selection of jurisdiction; selection and reservation of corporate name; articles of incorporation; filing and other formalities; formalities after formation of a corporation; bylaws; corporate existence.

Corporate Finances – Types of corporate securities; equity securities; par value or no par value; certificates for shares classifications of shares; debt securities; types of corporate debt securities.

Corporate Management - Shareholders’ rights and responsibilities; voting rights; shareholder action; preemptive rights; dividends; piercing the corporate veil; directors’ rights and responsibilities; election, term and removal; meetings; director action; duties and liability; delegation of authority; rights and duties of officers; appointment and tenure; functions; authority; standard of conduct, liability and indemnification.

Corporate Dividends; Securities Regulation and the Stock Exchanges - Types of corporate distributions; restrictions relating to dividends; procedure for declaring and paying dividends; share dividends; stock splits; corporation’s purchase of its own shares; Securities Act of 1933; Securities Exchange Act of 1934; insider trading; state regulations; markets; trading in cyberspace; Dow Jones Average and other stock market indexes.

Corporate Structure and Combinations – Amending articles of incorporation; amending corporation’s bylaws; mergers and acquisitions; purchase of stock; hostile takeovers; leveraged buy-outs; and regulations.

Foreign Corporations – Selection of jurisdiction; constitutional basis for qualification; qualification procedures; effects of qualifying; failure to qualify; withdrawal of foreign qualification; revocation of qualification.

Termination of Corporate Existence - Dissolution (voluntarily and involuntarily); liquidation (judicial and nonjudicial); distributions to shareholders; duties to minority shareholders.

Corporate Variations – Close corporations; nonprofit corporations; parent and subsidiary corporations; professional corporations; S corporations.

Employment and Special Topics – Employee compensation; insurance benefits; retirement plans; stock option plans; employment agreements; business ethics legal duties; commercial transactions and the sale of goods; intellectual property; leases;
II. Course Objectives*:

A. Understand the relationship of master-servant, agent-principal, and principal-independent contractor. I, II, III, IV, V

B. Understand the basic principles governing the organization and the operation of partnerships, limited partnerships and corporations. I, II, III, IV, V

C. Collect relevant data and draft initial documents to assist the attorney in partnership and corporate practice. I, II, III, IV, V

D. Continue developing a legal vocabulary. I, II, III, IV, V

*Roman numerals after course objectives reference goals of the Paralegal Studies program.

III. Instructional Processes*:

Students will:

1. Practice elements of the work ethic such as professionalism, preparedness, punctuality, honesty, cooperation, dependability, contribution, effectiveness, good manners, etc. Personal Development Outcome, Transitional Strategy

2. Refine reading skills and expand legal vocabularies through completion of weekly guided reading exercises that allows more effective communication with lawyers and legal professionals. Communication Outcome, Transitional Strategy

3. Strengthen analytical skills by locating court cases and statutes in the Educational Resources Center and on Westlaw to determine the application of the rules of law to specific facts. Information Literacy Outcome, Problem Solving and Decision Making Outcome, Technological Literacy Outcome, Transitional Strategy

4. Examine ethical issues related to legal representation, unauthorized practice of law, confidentiality, duty of legal professional to provide legal services, etc. Personal Development Outcome, Cultural Diversity and Social Adaptation Outcome, Transitional Strategy

5. Listen to guest speakers from the legal community to learn the demands for legal assistants who possess basic knowledge of legal topics in the work world. Personal Development Outcome, Transitional Strategy

6. Develop investigative skills using the Internet, library, and governmental agency resources to find relevant information. Problem Solving and Decision Making Outcome, Information Literacy Outcome, Technological Literacy Outcome, Transitional Strategy

*Strategies and outcomes listed after instructional processes reference Pellissippi State’s goals for strengthening general education knowledge and skills, connecting coursework to experiences beyond the classroom, and encouraging students to take active and responsible roles in the educational process.

IV. Expectations for Student Performance*:

Upon successful completion of this course, the student should be able to:
1. Demonstrate a complete and thorough understanding of legal ethics. A, B, C, D
2. Prepare initial drafts of articles of incorporation. A, B, C, D
3. Prepare initial drafts of bylaws. A, B, C, D
4. Prepare initial drafts of stock subscriptions. A, B, C, D
5. Prepare initial drafts of minutes. A, B, C, D
6. Prepare initial drafts of certificates. A, B, C, D
7. Prepare initial drafts of appropriate regulatory forms. A, B, C, D
8. Prepare initial drafts of corporate reports. A, B, C, D
9. Prepare initial drafts of tax forms. A, B, C, D
10. Prepare initial drafts of dissolutions. A, B, C, D
11. Research the selection of an appropriate corporate name. A, B, C, D
12. Prepare drafts of stock or shareholders’ agreements. A, B, C, D
13. Draft and file documents for all forms of partnerships. A, B, C, D
14. Analyze minutes from shareholders’ and directors’ meetings. A, B, C, D
15. Prepare checklists, forms, and materials to assist the firm in efficient handling of business organizations. A, B, C, D
16. Draft general, limited, and durable powers of attorney. A, B, C, D
17. Identify and analyze issues of liability between agents, principals, independent contractors and third parties. A, B, C, D

*Letters after performance expectations reference the course objectives listed above.

V. Evaluation:

A. Testing Procedures:

Students are evaluated primarily on the basis of tests.

B. Laboratory Expectations:

N/A

C. Field Work:

Students will complete several out-of-class skills projects. These may include:
- Articles of Incorporation
- Bylaws
- Stock subscriptions
- Minutes
- Certificates
- Appropriate regulatory forms
Corporate reports
Tax forms
Dissolutions
Shareholders’ agreements
Partnership documents
Checklists and other forms
General, limited and durable powers of attorney

D. Other Evaluation Methods:

1. Class participation, group work, and homework will also comprise the final grade for the course. The instructor will provide full details the first week of class via a syllabus supplement.
2. All tests and papers will be graded for spelling and English usage in addition to content and format.
3. Any student encountering academic difficulty during the term is strongly encouraged to meet with the instructor to discuss options and solutions.

E. Grading Scale:

- A 93-100
- B+ 88-92
- B 83-87
- C+ 78-82
- C 73-77
- D 65-72
- F 64 and below

VI. Policies:

A. Attendance Policy:

Attendance is absolutely essential to perform well in this course. Absenteeism is recorded, not excused. Pellissippi State Technical Community College expects students to attend all scheduled instructional activities. As a minimum, students in all courses must be present for at least 75 percent of their scheduled class and laboratory meetings in order to receive credit for the course. Twelve (12) hours of absences will result in an automatic F for the course.

B. Academic Dishonesty:

Cheating of any type will not be tolerated and will become an automatic zero on that paper or test or for the course.

C. Other Policies:

Late papers will not be accepted nor will make-up tests will be given without specific approval of the instructor.